

Message Text

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DRAFTED BY: COM/IEPR/DND:JRJOHNSTON

APPROVED BY: EB/OCA/REP: GPWILSON

COM/OTP/DND:RMKLEIN

COM/BIC/OIM: MAKELLEHER (DRAFT)

EA/ROC: KJWEAVER (PHONE)

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E.O. 11652: N/A

TAGS: ETRD, TW

SUBJECT: ALLEGED ROC RESTRICTIONS ON IMPORTS OF THERMAL PROTECTORS

REF: TAIPEI 6828

1. INFORMATION REPORTED REFTEL WAS TRANSMITTED TO MR. P. EDWARD MERRILL, PRESIDENT OF MICRO DEVICES CORPORATION, WHO ACKNOWLEDGED RECEIPT IN LETTER TO SECRETARY OF COMMERCE CALLING FOR FURTHER EFFORTS TO RESOLVE PROBLEM. MERRILL SENT COPIES OF HIS LETTER TO SENATOR ROBERT TAFT, JR. AND REPRESENTATIVE CHARLES W. WHALEN, JR. WHO HAVE FOLLOWED UP WITH INQUIRIES TO COMMERCE.

2. WOULD APPRECIATE INFORMATION ON WHETHER CORPORATION'S AGENT FOLLOWED EMBASSY'S SUGGESTION, REPORTED REFTEL, TO EXPLORE WITH MINISTRY OF FINANCE POSSIBILITY OF OBTAINING PERMISSION TO ESTABLISH BONDED WAREHOUSE.

3. IN PURSUING THIS MATTER, EMBASSY IS REQUESTED TO EMPHASIZE TO ROC OFFICIALS THAT PERMITTING DISTRIBUTORS TO STOCK GOODS IN BONDED WAREHOUSES OR EXPORT PROCESSING ZONES IN TAIWAN WOULD HELP
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MAKE GOODS AVAILABLE FOR PROMPT DELIVERY TO END-USERS WHEN NEEDED.

MICRO DEVICES CORPORATION HAS EXPLAINED THAT IT SUPPLIES TAIWAN THROUGH JAPAN AND HONG KONG BECAUSE IT CAN MORE EFFECTIVELY SERVE TAIWAN MARKET FROM INVENTORIES IN LOCATIONS LESS DISTANT THAN US. BELIEVE THIS SITUATION INDICATES THAT TAIWAN'S REGULATIONS COVERING USE OF BONDED FACILITIES TEND TO REINFORCE JAPAN'S GEOGRAPHIC

ADVANTAGE OVER US IN TAIWAN TRADE. AUTHORIZATION OF USE BY DISTRIBUTORS WOULD BE POSITIVE MEASURE WHICH ROC COULD TAKE TO FACILITATE IMPORTS FROM US AND WOULD BE FURTHER STEP IN ROC EFFORTS TO REDUCE TRADE IMBALANCE WITH US. SUCH ACTION MIGHT ALSO MAKE POSSIBLE A LOWER DELIVERED PRICE IN TAIWAN THROUGH REDUCED SHIPPING AND HANDLING COSTS.

4. US REGULATIONS DO NOT RESTRICT THE USE OF BONDED WAREHOUSED TO MANUFACTURERS. ALSO, IT IS COMMON FOR OTHER COUNTRIES, DEVELOPING AS WELL AS DEVELOPED, TO ALLOW IMPORTATION IN BOND OR LESS RESTRICTIVE TERMS THAN TAIWAN.

5. APPRECIATE EMBASSY'S FURTHER EFFORTS TO PERSUADE GROC TO PROVIDE ARRANGEMENTS WHEREBY DISTRIBUTORS MAY BRING GOODS INTO TAIWAN FOR SALE TO END-USERS WITHOUT DISTRIBUTORS THEMSELVES HAVING TO CARRY FINANCIAL BURDEN OF DUTY PAYMENTS. KISSINGER

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